



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

MICHAEL R. STYLER  
Executive Director

JOHN R. BAZA  
Division Director

### Inspection Report

#### Minerals Regulatory Program

October 18, 2010

Reviewed: PPB

<b>Mine Name:</b> Highland Mist Mine	<b>Permit Number:</b> S/021/0035
<b>Operator Name:</b> Anasazi Gold Reserves	<b>Inspection Date:</b> September 23, 2010
<b>Inspector(s):</b> Lynn Kunzler	<b>Time:</b> 10:30 am
<b>Other Participants:</b> None	<b>Mine Status:</b> inactive

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages / Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Concurrent Reclamation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Revegetation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Purpose of Inspection:

Routine inspection while in the area

Note: during this inspection, a concerned citizen that was camping nearby approached me to voice concerns he had regarding the site, especially with regards to the oil in the open container.

#### Inspection Summary:

The last inspection at this site was in May of 2009. At that time, it was noted that the area had expanded to approximately 9 acres (5 acres more than what the site is permitted for). The operator was asked to either reclaim 5 acres (to reduce the disturbed acreage to the permitted 4 acres), or to provide additional reclamation surety and a Notice to Commence Large Mining Operations. The Division received an additional \$42,800 and a new reclamation contract which was approved January 19, 2010. To date, we have not received the Notice for a Large Mining operation.

There has been no apparent activity at this site for the last year or two. However, there are two items that need to be addressed. First, at the quarry area (near the south side, there was an open drill hole. This needs to be plugged immediately. Secondly, near the drainage (western side of the operation) near the northern part of the site there was a barrel that had been cut in half that had used oil in it. Precipitation falling in the barrel has raised the level to where the oil is spilling and the oil stain on the soil had been traced for approximately 20 feet from the barrel (near the point where it would run into the drainage. The oil needs to be removed as well as the contaminated soil.

Photos were taken to document site conditions.



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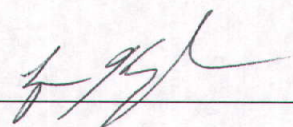
S/021/0035

**Conclusions and Recommendations:**

Notice of Violation #MN-2010-17-08 is issued for failing to store deleterious or potentially deleterious material in an isolated manner.

The operator needs to properly plug the open drill hole by November 29, 2010 and submit a Notice of Intention to Commence Large Mining Operation by November 29, 2010 or face additional enforcement action.

**Inspector's Signature**

A handwritten signature in black ink, appearing to be "M. Terry", written over a horizontal line.

cc: Michael Terry, Operator  
Will Stokes, SITLA

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